Navigation Program Overview

For Planning Associates

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16 May 2011

US Army Corps of Engineers
BUILDING STRONG®

Topics

- Navigation Overview
- Capital Investment Plans – a new model?
- Remaining Relevant
- WRDA – Nav Studies
- Contributed Funds

Corps Navigation Mission

Provide safe, reliable, efficient, effective and environmentally sustainable waterborne transportation systems for movement of commerce, national security needs, and recreation.

USACE Navigation Assets

COASTAL NAVIGATION

- 1067 Navigation Projects
- 19 lock chambers
- 13,000 miles of channels
- 929 navigation structures
- 844 bridges

INLAND NAVIGATION

- 27 Inland River Systems
- 207 lock chambers @ 171 lock sites
- 12,000 miles of inland river channels

Administration Objectives

- Double exports in 5 years
- Improve the environment
- Reduce Green House Gas (GHG) emissions
- Reduce fossil fuel consumption
- Navigation has a key role in all of these!

Navigation Funding – Pres Budget

($million)

Pres Bud	Coastal	Inland	Nav	CW total	Nav Percent
FY12	$832	$744	$1576	$4631	34
FY11	$873	$779	$1652	$4939	33
FY10	$971	$796	$1767	$5125	35
FY09	$969	$931	$1900	$4741	40
FY08	$957	$1057	$2014	$4900	41

Trend is declining funds

Navigation down 22% in the last 5 years.

Reductions masked by ARRA funding in FY09 and FY10

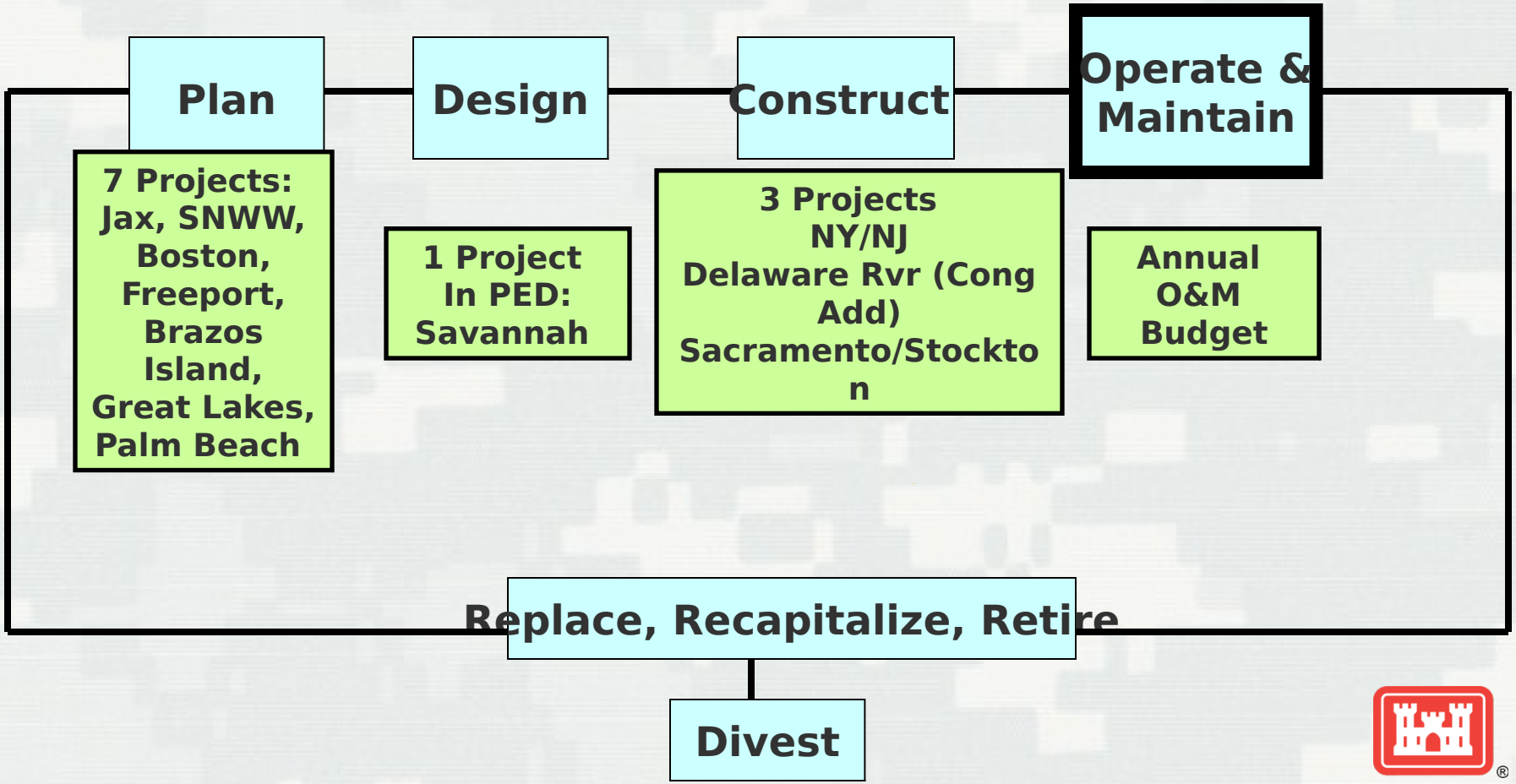
Flood Damage Reduction increased due to DSAC results; Environment also increased.

FY12 O&M Budget Coastal Navigation

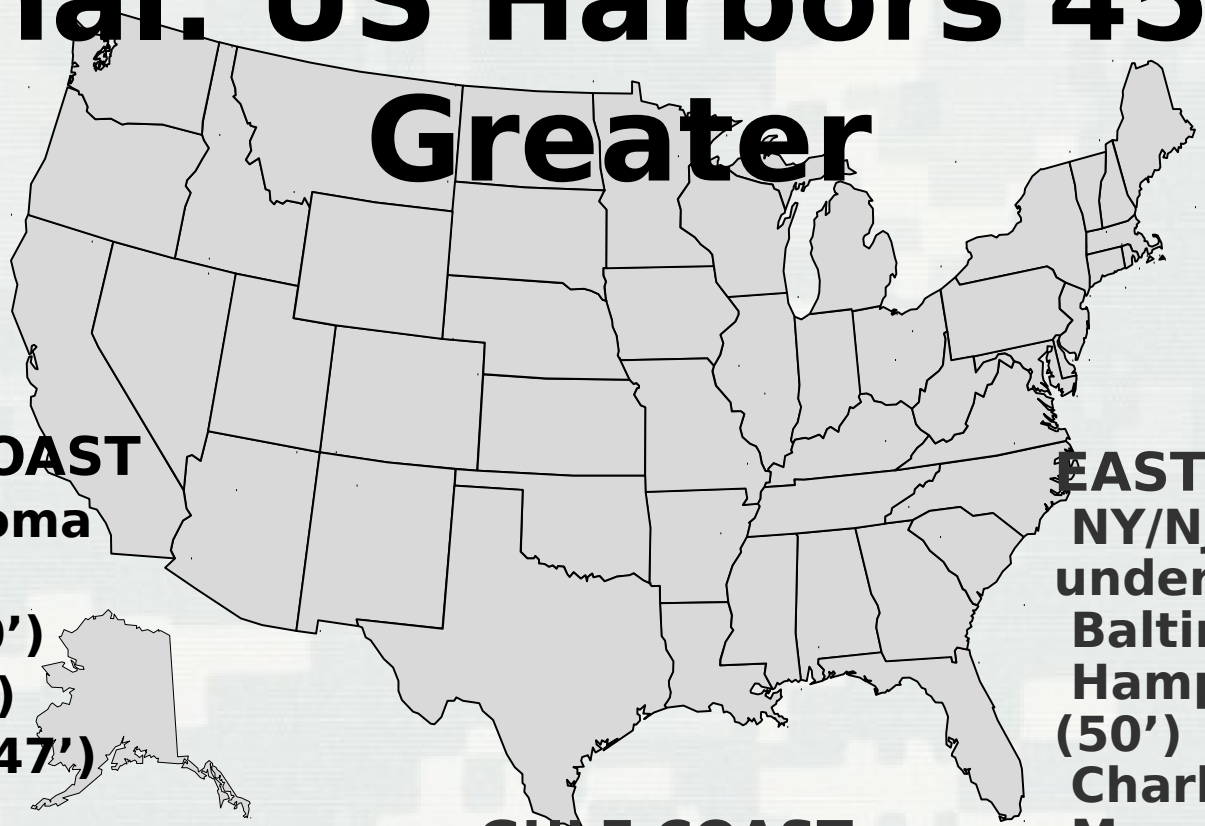
Category	Inventory	Commerce	FY12 O&M Projects	FY12 O&M Funds	FY11 O&M Proj.	FY11 O&M Funds
High Use	**59**	**90%**	**54**	**62%**		**62%**
Moderate Use	**100**	**9%**	**61**	**25%**	**120***	**21%**
Low Use	**908**	**1%**	**41**	**6%**	**124**	**10%**
Other				**7%**		**7%**
Total	**1067**	**100%**	**156**	**100%**	**244**	**100%**

- Prior to FY12 we adjusted to budget decreases by minor reductions at almost all nav projects.
- The low use category was proposed as a program for 50% reduction in the FY12 budget development; This was a 50% dollar reduction, not a 50% projects reduction
- 'Other' includes Nav R&D, Project Condition Surveys, Remaining Items, etc.
- IMPACT: Risk of navigation related incidents and fatalities increase at non-dredged projects.
- *High and moderate use were not separately identified in FY11

Coastal Navigation Capital Investment Program



Ready for the Panama Canal: US Harbors 45’ or Greater



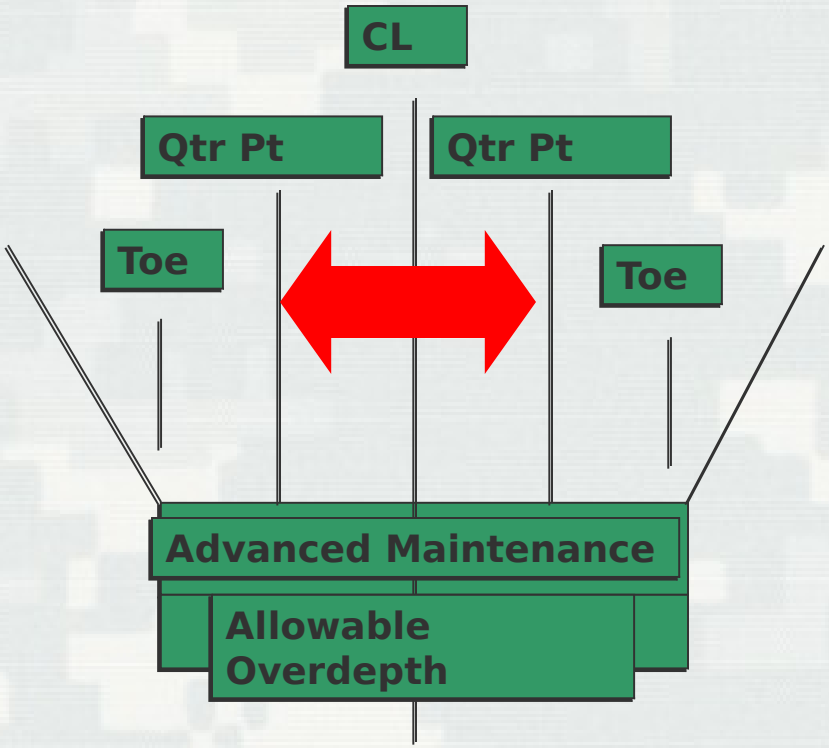
WEST COAST
Seattle/Tacoma (>50’)
Oakland (50’)
LA/LB (>50’)
San Diego (47’)

EAST COAST
NY/NJ (50’ underway)
Baltimore (50’)
Hampton Roads (50’)
Charleston
Morehead City

GULF COAST
Mobile
New Orleans
Houston/Galveston/Texas City
Corpus Christi
Freeport

Coastal Navigation Channel Performance

- High Use Projects, >10M tons/year
- Goal: Half channel width, 95% of time
- Actual: 35% of time



Analogy to building a 2-lane road; Present funding allows one lane, one-third of the year

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Coastal Navigation Initiatives

- Need a capital investment strategic plan for coastal navigation
  - Studies: No new starts or new phases
  - Efficiently fund study, design and construction

Coastal Nav Future

Status Quo

- Continued O&M funding reductions
  - Reduce number of maintained projects
  - Scope dredging to available funding
  - Reduced channel availability
- Minimal Capital Investment work – channel deepenings

Proactive Efforts

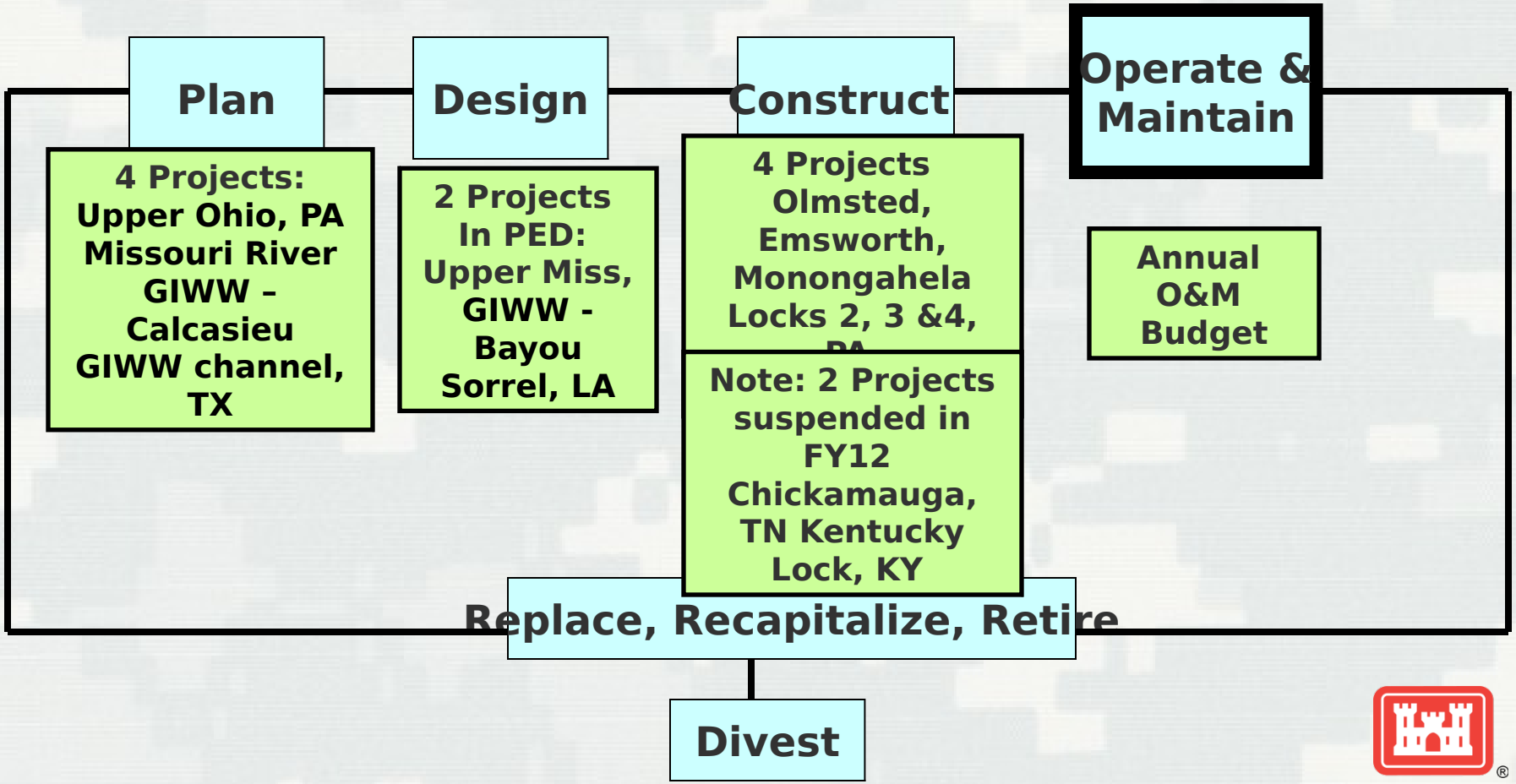
- HMTF revision
- Establish a Coastal Nav Capital Investment Program
- Pursue Environmental Improvements in BCR
- Establish Administration Projects of National Priority

FY12 O&M Budget Inland Navigation

Category	Rivers/ Waterways	Locks	Commerce Ton-Miles	FY12 O&M	FY11 O&M
High Use	**16**	**136**	**97%**	93%	90%
Moderate Use	N/A				
Low Use	**11**	**37**	**3%**	7%	10%
Total	**27**	**173**	**100%**		

- Low commercial use projects took a 50% reduction in FY12 budget.
- FY13 Budget guidance establishes Moderate Use for Inland as 1-3B ton-miles
- IMPACT: Lower transportation savings impacts global competitiveness of US exports. Risk of navigation related incidents and fatalities increase at minimally maintained projects.
- **ACTION: Determine minimal O&M requirements for 'Caretaker' status**

Inland Navigation Capital Investment Program


Plan
Design
Construct
Operate & Maintain
4 Projects: Upper Ohio, PA Missouri River GIWW – Calcasieu GIWW channel, TX
2 Projects In PED: Upper Miss, GIWW - Bayou Sorrel, LA
4 Projects Olmsted, Emsworth, Monongahela Locks 2, 3 &4,
Annual O&M Budget
Note: 2 Projects suspended in FY12 Chickamauga, TN Kentucky Lock, KY
Replace, Recapitalize, Retire
Divest

Navigation Performance

USACE Campaign Goal Objective 3c:

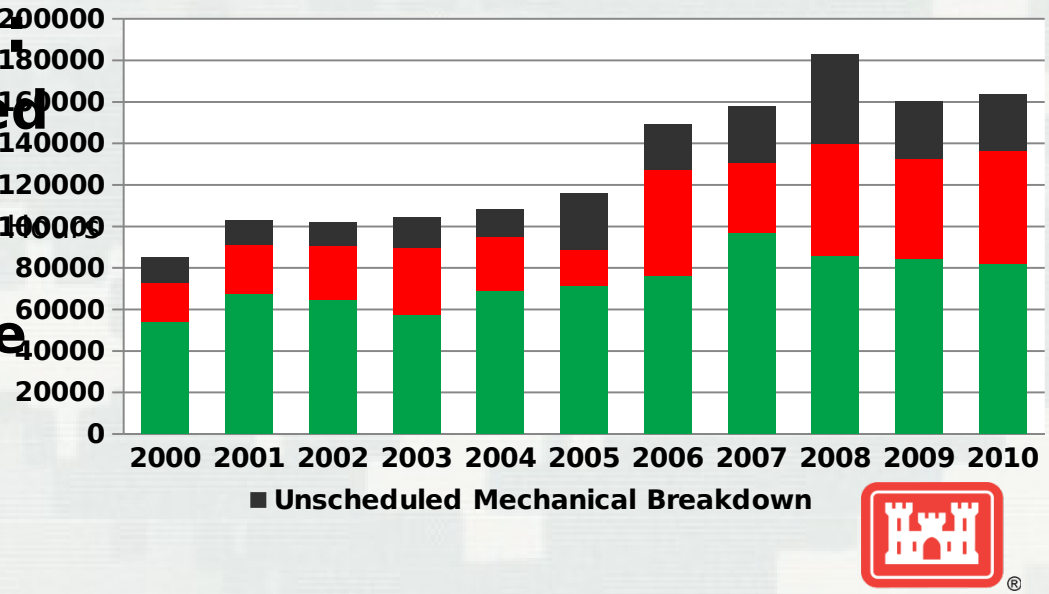
Deliver reliable infrastructure using a risk-informed asset management strategy

High Performing Goal:

INLAND NAVIGATION:

Scheduled & Unscheduled lock closures due to mechanical breakdowns

- **Less than 5-yr average**
- **Not achieving**



Inland Navigation Initiatives

- IMTS Board of Directors
  - Navigation Lock Staffing
  - Navigation Lock Levels of Service
- IMTS Working Group
  - Lock Operator Training and Certification
  - Lock Operator Position Descriptions
  - IMTS Maintenance Standard
- Inland Waterways Users Board
  - Implementing CPBM Recommendations
  - IWTF: Status Quo - 3 projects
- Maintenance Engineers

Which Way for IMTS?

Status Quo

- Continued O&M funding reductions
  - Increased risk of major mechanical breakdown and extended IMTS closure
  - Reduced IMTS availability
  - Reduced reliability
- Minimal Capital Investment work

Proactive Efforts

- IWTF revision implemented
- IMTS Capital investment program implemented – thousands of US crafts jobs
- Reliability and Resiliency increases
- Presidential objectives

Navigation Topics

- Capital Investment Plans – a new model?
- Planning Program – Nav Studies
- Remaining Relevant
- WRDA
- Contributed Funds

Coastal Nav Investment Plan

- Build on success of IMTS CPBM and Hydropower Modernization Initiative
- Determine key projects
- Team of Corps, Ports and Shippers
- Post Panama Canal and beyond
- Others studies continue but selected projects funded at capability

Planning Program Trends

		Flood Risk Mgmt Inland	Coastal	Navigation	Environ. Restor.	Mixed	Total
Chiefs Rpts	Reports	3	2	1	3	1[1]	10
Since	Projects	3	5	1	17		26
WRDA '07	$B	1.5	0.71	0.03	4.2		6.44
Add'l Chief's	Reports	2	1	3	7[2]	1	14
Rpts by Dec 11	Projects	2	1	3	10	1	17
Totals	Reports	5	3	4	10	2	24
Totals	Projects	5	6	4	27	1	43

Notes:

1. **The MsCIP Chief's Report accounts for two Coastal Flood Risk Mgmt projects and 10 ecosystem restoration projects. The LCA 6 Chief's Report accounts for 6 ecosystem restoration projects. The impetus for the MsCIP and LCA projects was post-Katrina authorizations by Congress. The only other ENV project is Mid-Bay, which supports a navigation project by containing 95 mcyds of dredged material.**
2. **The 7 additional ecosystem reports included 3 from Coastal Louisiana (LCA 4, LCA Barataria, and MRGO) and 2 from the Everglades (Broward County and Biscayne).**

Navigation Studies - Strategic Failure??

FY12 Budget, Navigation Studies, Investigations Account

- $18M Total; $7M for Studies, $11M for Remaining Items
- $18M of $104M total GI (Nav: 17% of GI vs 32% of total program)
- Recons: Funded: 0; Unfunded: 30 projects for $3.9 million of which 28 were new starts
- Feasibilities: Funded: 9 (3 completions; 6 continue) $4.5M
  - Unfunded: 34 projects for $21.4 mil (12 new starts)
- PEDs Funded: 2 projects for $2.6 million
  - Unfunded: 26 projects for $37.4 million (14 new starts)

Remaining Relevant

- Trend of ports/sponsors choosing to abandon the Federal planning process
- Port of Miami
- Freeport channel widening
- Port of Corpus Christi – LaQuinta Channel
- Takes too long, costs too much

WRDA

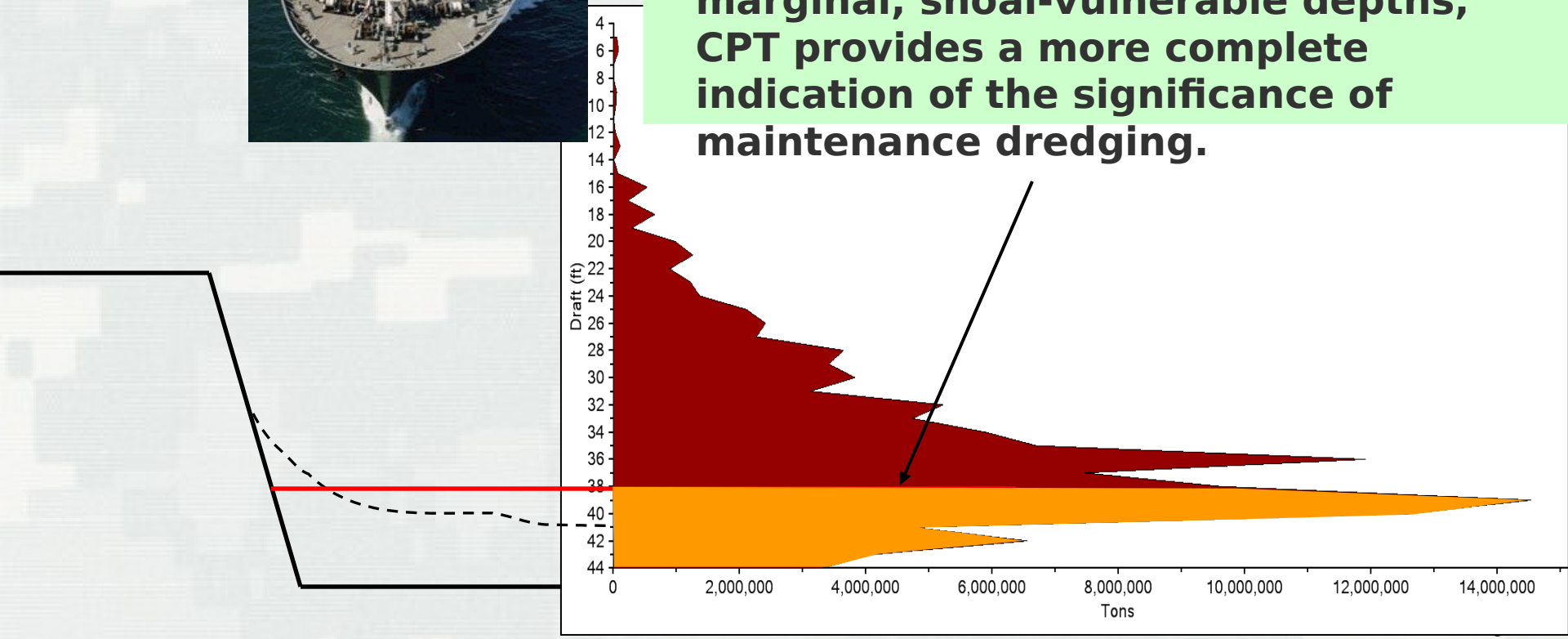
- Key to Navigation program's future - Most significant legislation since WRDA '86
- WRDA viewed as a spending bill
  - Possible 'CW BRAC' of inactive navigation projects
  - Estimate dredging cost for these projects and show CW BRAC as a cost avoidance to offset perception of a WRDA 'spending bill'
- April letter to Budget Comm from 34 House Reps

Contributed Funds

- Increased consideration by sponsors and non-sponsors in contributing funds
  - New Work and O&M
  - Beneficial Use of Dredged Material
- Existing process very time consuming
- Need to review process and streamline process

Channel Portfolio Tool (CPT)

- Portfolio management for USACE navigation channels should account for both physical condition and depth utilization in prioritizing projects for O&M funding.
- By focusing on the cargo at the marginal, shoal-vulnerable depths, CPT provides a more complete indication of the significance of maintenance dredging.



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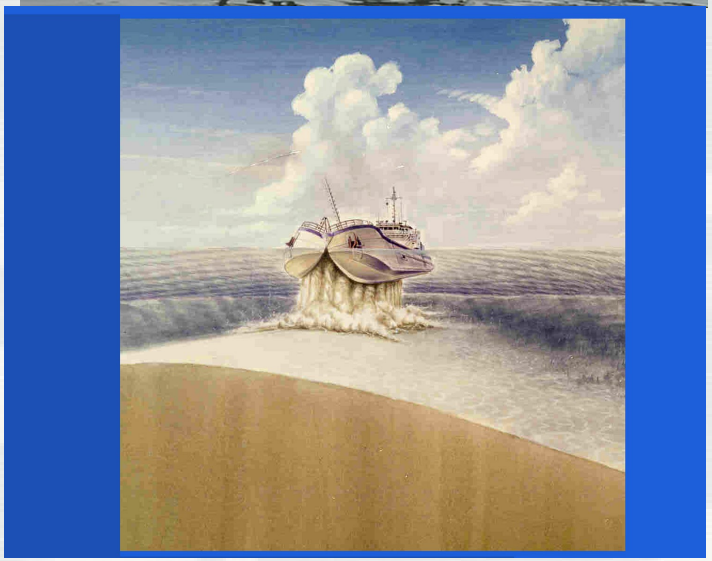
Key Points

- Navigation funding is an essential component for the Nation's Global trade – Economy, Jobs and Exports
- WRDA is key to the Nation's economic future
- Need senior Administration discussion on national commitment to shipping, global trade and navigation infrastructure
  - What does this Administration seek as its legacy for navigation?

Summary

What do we do?
Provide Navigation infrastructure that is Reliable, Efficient, Resilient and Environmentally Sustainable.



Why is it important?
This infrastructure enables American goods to compete in the Global marketplace

Economy, Jobs and Exports!